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FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC. AND FOUNDATION

Combined Financial Statements and
Independent Auditor's Report

December 31, 2022

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

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MIZE
CPAs INC.

Independent Auditor's Report

To the Board of Directors
Family Service and Guidance Center of Topeka, Inc.
Family Service and Guidance Center Foundation
Topeka, Kansas

Opinion

We have audited the accompanying combined financial statements of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation (nonprofit organizations), which comprise the combined statement of financial position as of December 31, 2022, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related summary of significant accounting policies and notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation as of December 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated June 8, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2023 on our consideration of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's internal control over financial reporting and compliance.

Mize CPAs Inc.

Topeka, Kansas
May 12, 2023

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Combined Statement of Financial Position
December 31, 2022
With Summarized Financial Information for December 31, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Assets:				
Cash and cash equivalents	$ 659,017	$ -	$ 659,017	$ 2,648,140
Cash and cash equivalents - Foundation	512,601	-	512,601	362,510
Accounts receivable, net:				
Client services	1,082,044	-	1,082,044	911,408
Other	531,498	-	531,498	221,440
Pledges receivable - Foundation	-	117,289	117,289	41,245
Prepaid expenses	106,259	-	106,259	157,990
Investments	10,748,406	170,794	10,919,200	12,959,091
Investments - Foundation	679,018	1,728,998	2,408,016	3,414,266
Investment in 457 retirement account	1,612,322	-	1,612,322	2,019,451
Operating lease right-of-use assets, net of amortization of $30,449	62,660	-	62,660	-
Land, property, and equipment at cost, less accumulated depreciation	10,321,156	-	10,321,156	7,075,060
Total assets	$ 26,314,981	$ 2,017,081	$ 28,332,062	$ 29,810,601
Liabilities:				
Accounts payable	$ 783,140	$ -	$ 783,140	$ 250,752
Accrued payroll and payroll tax	333,374	-	333,374	326,078
Accrued health insurance claims	13,285	-	13,285	26,023
Accrued vacation and sick leave	879,891	-	879,891	860,398
Other accrued expenses	1,367	-	1,367	68,340
Deferred revenue	53,745	-	53,745	626,740
Line of credit	350,686	-	350,686	-
Building mortgage, net of unamortized loan fee	1,836,185	-	1,836,185	-
Operating lease liabilities	62,660	-	62,660	-
Due to 457 retirement participants	1,612,322	-	1,612,322	2,019,451
Total liabilities	5,926,655	-	5,926,655	4,177,782
Net assets:				
Without donor restrictions	20,388,326	-	20,388,326	22,907,263
With donor restrictions	-	2,017,081	2,017,081	2,725,556
Total net assets	20,388,326	2,017,081	22,405,407	25,632,819
Total liabilities and net assets	$ 26,314,981	$ 2,017,081	$ 28,332,062	$ 29,810,601

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

FAMILY SERVICE & GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Combined Statement of Activities
Year Ended December 31, 2022
With Summarized Financial Information for the Year Ended December 31, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues:				
Public support:				
State aid	$ 2,034,516	$ -	$ 2,034,516	$ 1,993,545
County funding	499,997	-	499,997	499,996
Federal CARES Act PPP Funds	-	-	-	2,793,200
Federal Cares Act Provider Relief Funds	406,859	-	406,859	-
Shawnee County Coronavirus Relief Funds	125,000	-	125,000	2,308
Grants	2,394,224	-	2,394,224	550,951
Federal food	12,971	-	12,971	17,678
Contributions	278,075	472,289	750,364	161,922
Contributions of non-financial assets	50,108		50,108	40,063
Total public support	5,801,750	472,289	6,274,039	6,059,663
Revenue:				
Medicaid - Fee for service	9,223,122	-	9,223,122	10,015,248
Insurance - Fee for service	932,159	-	932,159	1,181,006
Self-pay - Fee for service	325,306	-	325,306	388,806
Less client refunds and bad debt	(121,443)	-	(121,443)	(66,999)
Contract	214,954	-	214,954	209,191
Net investment income	66,895	14	66,909	1,004,789
Gain on sale of assets	4,861	-	4,861	26,370
MCO incentive	3,483	-	3,483	-
Miscellaneous	271,587	-	271,587	142,727
Total revenue	10,920,924	14	10,920,938	12,901,138
Net assets released from restrictions:				
Satisfaction of time restrictions	396,245	(396,245)	-	-
Satisfaction of purpose restriction - Early childhood intervention program	405,098	(405,098)	-	-
Total net assets released from restrictions	801,343	(801,343)	-	-
Total public support and revenue	17,524,017	(329,040)	17,194,977	18,960,801
Expenses:				
Programs:				
Community based services	9,365,986	-	9,365,986	9,881,494
Educational, training, and internships	269,522	-	269,522	317,475
Outpatient services	7,913,558	-	7,913,558	5,898,204
Total programs	17,549,066	-	17,549,066	16,097,173
Fundraising	221,545	-	221,545	248,456
Total expenses	17,770,611	-	17,770,611	16,345,629
Change in net assets from operations	(246,594)	(329,040)	(575,634)	2,615,172
Unrealized (losses) gains on investments	(2,272,343)	(379,435)	(2,651,778)	669,971
Change in net assets	(2,518,937)	(708,475)	(3,227,412)	3,285,143
Net assets at the beginning of year	22,907,263	2,725,556	25,632,819	22,347,676
Net assets at the end of the year	$ 20,388,326	$ 2,017,081	$ 22,405,407	$ 25,632,819

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Combined Statement of Functional Expenses
Year Ended December 31, 2022
With Summarized Financial Information for the Year Ended December 31, 2021

	Program Services						
	Community Based Services	Educational, Training, and Internships	Outpatient Services	Fundraising Services	Administrative Services	2022 Total	2021 Total
Grants and other assistance to individuals in the United States	$ 3,815	$ -	$ 765	$ -	$ -	$ 4,580	$ 9,476
Salaries	4,741,850	124,784	4,959,429	109,288	1,595,765	11,531,116	10,591,784
Incentives	11,805	240	30,500	-	-	42,545	115,015
Pension plan accruals and contributions	246,514	5,292	260,733	5,128	61,145	578,812	567,007
Other employee benefits	585,141	10,363	448,464	12,078	283,421	1,339,467	1,374,485
Payroll taxes	338,505	9,109	344,615	7,861	118,243	818,333	732,451
Legal	-	-	-	47	6,156	6,203	5,429
Accounting	-	-	-	-	49,000	49,000	48,000
Advertising and promotion	-	-	-	2,100	41,701	43,801	48,124
Office expenses	89,365	4,515	95,170	11,846	165,493	366,389	319,358
Information technology	97,683	3,356	96,050	7,109	102,380	306,578	214,033
Occupancy	192,281	10,372	71,309	4,601	118,603	397,166	326,476
Travel	81,978	-	10,818	326	3,305	96,427	111,464
Subcontracting	28,930	-	-	-	332,539	361,469	382,609
Professional fees	90,026	18,180	297,609	23,675	90,293	519,783	278,039
Conferences, conventions, and meetings	10,433	14,076	30,956	2,153	79,900	137,518	122,410
Interest	-	-	-	-	12,352	12,352	-
Depreciation, depletion, and amortization	263,129	10,422	82,070	5,013	123,337	483,971	498,540
Insurance	21,712	-	15,395	-	116,560	153,667	130,332
Program supplies and expense, including food	216,460	4,941	54,570	28,747	85,627	390,345	346,555
Dues and licenses	918	3,338	7,557	926	32,379	45,118	48,840
Miscellaneous	3,750	-	-	(53)	(122)	3,575	(76)
Employment ads and background checks	14,782	1,125	4,554	-	11,827	32,288	49,025
In-kind expenses	-	-	-	700	49,408	50,108	26,253
Allocation of administrative expenses	2,326,909	49,409	1,102,994	-	(3,479,312)	-	-
Total functional expenses	$ 9,365,986	$ 269,522	$ 7,913,558	$ 221,545	$ -	$ 17,770,611	$ 16,345,629

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Combined Statements of Cash Flows
Years Ended December 31,

	2022	2021
Cash flows from operating activities:		
Cash received from public support	$ 6,197,995	$ 3,239,519
Cash received for services	9,795,479	12,433,342
Cash paid to employees and vendors	(16,743,091)	(15,831,931)
Interest and dividends received	280,425	261,378
Interest paid	(12,352)	-
Net cash (used in) provided by operating activities	(481,544)	102,308
Cash flows from investing activities:		
Proceeds from sale of property and equipment	4,861	26,370
Purchase of property and equipment	(3,730,067)	(283,180)
Purchase of investments	(4,175,501)	(4,372,196)
Sale of investments	4,356,348	4,237,852
Net cash used in investing activities	(3,544,359)	(391,154)
Cash flows from financing activities:		
Proceeds from long-term debt	1,836,185	-
Proceeds from line of credit	1,835,984	-
Payments on line of credit	(1,485,298)	-
Net cash provided by financing activities	2,186,871	-
Change in cash and cash equivalents	(1,839,032)	(288,846)
Cash and cash equivalents at beginning of year	3,010,650	3,299,496
Cash and cash equivalents at end of year	$ 1,171,618	$ 3,010,650
Reconciliation of change in net assets to net cash (used in) provided by operating activities:		
Change in net assets	$ (3,227,412)	$ 3,285,143
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amorization	483,971	498,540
Operating lease right-of-use asset amortization	30,449	-
Forgiveness of Federal CARES Act PPP loan	-	(2,793,200)
Gain on sale of property and equipment	(4,861)	(26,370)
Realized and unrealized loss (gain) on investments, net of fees	2,865,294	(1,413,382)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	(170,636)	299,477
Accounts receivable - Other	(310,058)	(211,217)
Pledges receivable - Foundation	(76,044)	(691)
Prepaid expenses	51,731	(46,612)
Accounts payable	532,388	22,433
Accrued payroll and payroll tax	7,296	54,268
Accrued health insurance claims	(12,738)	(109,400)
Accrued vacation and sick leave	19,493	82,762
Operating lease liabilities	(30,449)	-
Accrued other	(66,973)	(14,546)
Deferred revenue	(572,995)	475,103
Total adjustments	2,745,868	(3,182,835)
Net cash (used in) provided by operating activities	$ (481,544)	$ 102,308
Supplemental cash flow information:		
Beginning of the year operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 85,458	$ -
New operating leases right-of-use assets obtained in exchange for operating lease liabilities	$ 7,651	$ -

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Summary of Significant Accounting Policies
December 31, 2022

Nature of the Organization

Family Service and Guidance Center of Topeka, Inc. (FSGC) provides behavioral health care for children and families and professional training opportunities in an environment committed to quality, innovation and effective outcomes.

It is believed the mission of FSGC can be accomplished by:

- Providing a comprehensive menu of specialized mental health services for children, youth, and families.
- Providing consultative, educational, and therapeutic services to business and industry.
- Providing services in collaboration and cooperation with other agencies and institutions.
- Providing services to all socioeconomic sectors of the community.
- Providing services targeted at preventing more serious or long-term emotional disorders.
- Providing some limited services to adult populations.
- Having a Foundation solely dedicated to the support of FSGC programs.

The Family Service and Guidance Center Foundation's (Foundation) purpose is to provide support for and facilitate the work of FSGC, both through direct contributions, distribution of income, and through the support of activities, related, ancillary, or supporting the work of FSGC.

Principles of Combination

The combined financial statements include the accounts of FSGC and the Foundation, collectively, "the Organization." All significant intercompany transactions have been eliminated.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence of absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The net assets without donor restrictions represent the portion of expendable funds that is available for support of the Organization's operations.

The net assets with donor restrictions represents funds that are subject to restrictions of the donated instruments. These funds require either that the principal be invested in perpetuity and the income only be used by the Organization or are restricted by the donor's intent as to usage.

FSGC receives certain contributions, which are to be used only to pay for various program costs. Due to the general nature of the restrictions on the use of these funds, they are included as revenues in the net assets without donor restrictions funds.

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Summary of Significant Accounting Policies
December 31, 2022

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Revenues and expenses are recognized and recorded when earned or incurred.

Cash and Cash Equivalents

The Organization considers all interest-bearing deposits purchased with original maturity dates of three months or less to be cash equivalents.

Fair Value Measurement

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three-level hierarchy for fair value measurements is defined as follows:

Level 1	Inputs are unadjusted, quoted prices in active markets for identical assets in active markets that the Organization has the ability to access.
Level 2	Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or by other means.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include market price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. The classification of a financial asset within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management. Management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of a fund within the hierarchy is based upon the pricing transparency of that fund and does not necessarily correspond to management's perceived risk of that fund.

Fair Value Measurement (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at December 31, 2022.

Money market and mutual funds – Valued at the net asset value of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

Publicly-held equity, real estate, and fixed income investments – Investments that are traded on an active exchange are valued at the quoted market prices based on the last sale price on the measurement date. Quoted market prices in an active market are classified as a Level 1 input. If an active market does not exist for such publicly-held equity investments, alternate valuation models using Level 2 or Level 3 inputs may be used to determine fair value.

Pledges receivable are valued at the present value of estimated future cash flows on the measurement date and are classified as a Level 3 input in the fair value hierarchy.

The preceding methods described may produce a fair value measure at fiscal year-end, which may not be indicative of future fair values.

Investments

Investments consist of money market accounts, corporate and U.S. government bonds, stocks, and mutual funds. Investments are stated at fair value. Realized and unrealized gains and losses, dividends and interest on investments are reflected in the statement of activities.

Investment securities are exposed to various risks, such as interest rate, market fluctuation, and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks in the near term and such changes could materially affect investments and the amounts reported in the statements of financial position.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid). For receivables associated with self-pay patients, the Organization records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying combined statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying consolidated statements of financial position.

Promises to Give

Unconditional promises to give are recorded at net realizable value. Promises to give are written off when deemed uncollectible.

Property and Equipment

Land, property, and equipment are carried at cost. Expenditures for additions and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense currently. Management annually reviews property and equipment to determine whether carrying values have been impaired.

Depreciation is determined on the straight-line basis with estimated useful lives as follows:

Land improvements	15 years
Building and improvements	5 – 40 years
Furniture and equipment	3 – 20 years
Vehicles	3 – 5 years
Leasehold improvements	5 years
Computer hardware and software	3 – 5 years

Deferred Revenue

Deferred revenues represent receipts of various grants, fee revenues and contracts, which are deferred and recognized over the periods in which the are earned.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

See Note 12 for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the consolidated statements of activities as net asset released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations.

See Note 13 for more information on the composition of net assets with donor restrictions.

Endowment

The Organization's donor-restricted endowment consists of five funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Underwater Restricted Funds

The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

Revenue Recognition

Net fee for service revenue relates to contracts with patients and in most cases involves a third-party payor (Medicaid, commercial, and other managed care insurance companies) in which the Organization's performance obligations are to provide mental health care services. Fee for service revenue is recognized when the performance obligations of providing the services are met. Substantially all the system's performance obligations are satisfied at a point in time.

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, and implicit price concessions provided primarily to uninsured patients. Patients who have health care insurance may also have discounts applied related to their co-payment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience. Estimates of contractual adjustments and discounts are determined by major payor classes for patient revenues based on contractual agreements, discount policies, and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item.

These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews, and investigations.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the difference. All goods and services are transferred at a point in time. Special event revenue is included in contributions revenue in the accompanying combined statement of activities.

The Organization participates in Behavioral Health Quality Incentive Programs with Medicaid managed care insurance companies (MCO). The MCO incentive programs aim to improve health experiences and outcomes for Medicaid members. All revenue from the programs are contingent on meeting certain performance goals. The Organization recognizes revenue from the incentive programs when certainty of receiving the funds is assured.

Revenue Recognition (continued)

The Organization has contract service agreements with school districts to provide mental health assessment services to students. Revenue related to these agreements is recognized on a pro rata basis over the term of the agreement as services are provided. Payments received in advance are recorded as deferred revenue until the services have been provided.

The Organization received funding from the Provider Relief Fund to eligible providers that participate in state Medicaid programs and Children's Health Insurance Program (CHIP). The payment to each provider was approximately 2% of reported gross revenue from patient care. Provider Relief Funds were used to cover lost revenue attributable to COVID-19 or health related expenses purchased to prevent, prepare for, and respond to coronavirus. Amounts received were recognized as revenue as expenditures were incurred.

The Organization received funding from the Shawnee County Coronavirus Relief Fund to help address the health and economic challenges inflicted by COVID-19. Amounts received were recognized as revenue as expenditures were incurred in compliance with grant provisions.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and county contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures are incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization has no grants received in advance under federal, state, and county contracts and grants at December 31, 2022.

Expenses

Expenses are recognized by the Organization on an accrual basis. Expenses paid in advance and not yet incurred are recorded as prepaid until the applicable period.

Functional Allocation of Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the combined statement of activities. The combined statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the full time employee equivalent method, square footage utilized, and management estimates. Accordingly, certain costs have been allocated among the programs and services benefited. Administrative expenses allocated to program expenses were $3,479,312 in 2022.

Donated Materials and Services

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services.

Advertising

Advertising expense is charged to operations in the year incurred.

Income Taxes

FSGC's and the Foundation's revenues related to their exempt purposes are exempt from income taxes under Internal Revenue Code Section 501(c)(3). Income from unrelated activities is subject to income tax under the Internal Revenue Code. FSGC and the Foundation reported no tax liability for 2022.

FSGC and the Foundation file income tax returns in the U.S. federal and Kansas jurisdictions. There are currently no examinations of their income tax returns in progress.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021 from which the summarized information was derived.

Accounting Standards Update

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued additional ASUs, which amended and clarified the standard. The most significant change in the new leasing guidance is the requirement to recognize ROU assets and lease liabilities for operating leases on the statement of financial position, as well as expanded disclosure requirements.

The Organization adopted FASB ASC 842 on January 1, 2022 using the modified retrospective effective date transition method, and thus did not retroactively adjust prior periods.

Accounting Standards Update (continued)

The Organization has elected to apply the following practical expedients:

- The package of three practical expedients during transition, which allows the Organization to not reassess expired or existing contracts and leases for decisions that were already properly made under Topic 840, *Leases*.

- The short-term and low-value practical expedient, which allows the Organization to recognize the lease payments to expense on a straight-line basis when the expense is incurred, and not record the leases on the balance sheet for low-value or leases with an initial term of 12 months or less.

- The combining lease and nonlease components practical expedient, which allows the Organization to account for the lease and nonlease components as a single combined operating lease component.

- The risk-free discount interest rate practical expedient, which allows the Organization to use a rate that is determined using a period comparable to the lease term, as the discount rate for the lease.

The transition to FASB ASC 842 represents a change in accounting principle. The effects of adopting FASB ASC 842 were an increase in operating lease ROU assets of $85,548, and an increase in operating lease liabilities of $85,458 on January 1, 2022. See Note 10 for further details.

In September of 2020, the Financial Accounting Standards Board issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* ASU 2020-07 was issued to give donors better information without causing nonprofits to incur too much cost to provide the information. The updated standard provides more prominent presentation of gifts-in-kind by requiring nonprofits to show contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also calls for enhanced disclosures about the valuation of those contributions and their use in programs and other activities. Nonprofits will be required to split out the amount of contributed nonfinancial assets it receives by category and in footnotes to financial statements. ASU 2020-07 is applied retrospectively and is effective for years beginning after June 15, 2021. The Organization adopted ASU 2020-07 effective January 1, 2022. There was no change to net assets as a result of the adoption. Accordingly, no adjustment to beginning net assets was necessary.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year combined financial statements.

Leases

The Organization determines if an arrangement contains a lease at inception. Leases are included in operating lease right-of-use (ROU) assets and lease liabilities in the combined statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

1. Cash and Cash Equivalents

The Organization maintains cash and interest-bearing deposits with banking institutions. Such balances are insured by the Federal Deposit Insurance Corporation; however, balances may occasionally exceed the insured amount.

Cash and cash equivalents at December 31, 2022 are as follows:

FSGC:	
Fidelity State Bank & Trust Co., Topeka, Kansas	
Checking	$ 32,153
Health insurance claims reserve	407,615
New facility reserves	208,870
Envista Credit Union, Topeka Kansas money market	10,054
Heritage Bank, Topeka, Kansas money market	-
	658,692
Cash on hand	325
Total cash – FSGC	659,017
Foundation:	
US Bank, Topeka, Kansas checking	512,601
Total cash	$1,171,618

2. Accounts Receivable – Client Services

Accounts receivable at December 31, 2022 consist of the following:

Medicaid	$ 689,342
Self-pay and insurance	732,702
	1,422,044
Less allowance for doubtful accounts	(340,000)
Net accounts receivable – Client services	$1,082,044

Accounts receivable for client services totaled $911,408 at December 31, 2021.

Bad debt expense related to accounts receivable totaled $119,423 for the year ended December 31, 2022.

3. Accounts Receivable – Other

Accounts receivable – Other at December 31, 2022 consist of the following:

Grants	$ 531,498
	$ 531,498

Accounts receivable – Other totaled $221,440 at December 31, 2021.

4. Investments

Investments at fair value, by investment objective, consist of the following at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Money market	$ 2,236,404	$ -	$ -	$ 2,236,404
Equity:				
U.S. equity	5,679,558	-	-	5,679,558
Foreign equity	1,157,210	-	-	1,157,210
	6,836,768	-	-	6,836,768
Real assets:				
U.S. listed real estate	226,544	-	-	226,544
Commodities	392,169	-	-	392,169
	618,713	-	-	618,713
Fixed income:				
Taxable U.S.	2,642,159	896,328	-	3,538,487
Taxable foreign developed debt	-	96,844	-	96,844
	2,642,159	993,172	-	3,635,331
Total investments	$12,334,044	$ 993,172	$ -	$13,327,216

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets. For the year ended December 31, 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

Investment returns for the year ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 243,235	$ 37,190	$ 280,425
Realized and unrealized losses	(2,380,092)	(405,067)	(2,785,159)
Investment fees	(68,591)	(11,544)	(80,135)
	$ (2,205,448)	$ (379,421)	$ (2,584,869)

5. Land, Property, and Equipment

Major classifications of land, property, and equipment at December 31, 2022 are as follows:

Land and land improvements	$ 847,253
Buildings	10,933,545
Furniture and equipment	2,081,068
Vehicles	503,780
Leasehold improvements	228,427
	14,594,073
Less accumulated depreciation	(8,109,026)
	6,485,047
Construction in progress	3,836,109
Net land, property, and equipment	$10,321,156

6. Self-Insured Health Insurance Program

The Organization maintains a self-insured health program covering all full-time employees. The Organization is liable for participant health claims up to $75,000 per covered life per year and participant dental claims up to $1,500 per covered life per year.

The Organization has funds available in its health insurance claims reserve cash account in the amount of $407,615 at December 31, 2022.

Claims are expensed as they are incurred. The Organization has a liability at December 31, 2022 for estimated claims incurred but not yet paid for $13,285.

7. Deferred Revenues

The Organization has deferred various receipts that relate to future periods. Major categories of deferred revenue are as follow:

Contributions	$ 8,528
Grants	5,087
Other deferred revenue	40,130
Total deferred revenue	$ 53,745

8. Retirement Plan

The Organization sponsors a defined contribution pension plan that covers employees who are over 21 years of age and have completed at least six months of employment with the Organization. Currently, contributions to the plan are 5% of an employee's annual compensation. In addition, each participant can elect tax deferrals and currently the Organization will match one-fourth of the next 4% of salary, for a total potential contribution from the Organization of 6%.

The Organization has a nonqualified Section 457 plan that covers key employees. The investment in 457 retirement account was $1,612,322 and the amount due to 457 retirement participants was $1,612,322 at December 31, 2022. Investments consist of mutual funds selected by the participants.

Between these plans, the total 2022 retirement expense was $578,812.

9. Debt

In 2022, FSGC entered into a loan agreement with a bank for up to $5,600,000 for construction of the Youth Crisis and Recovery Center. The promissory note allows for a construction period of up to 18 months with monthly interest only payments. At the end of the construction period, the loan will convert to monthly principal and interest payments in an amount sufficient to amortize the balance of the loan over the amortization period of 20 years, maturing in 2043. The interest rate is 4.55% fixed for 11.5 years. After the fixed rate period, the rate will reset every five years at the five-year US Treasury Constant Maturity rate plus 2.85%, subject to a floor of 4.25%. The loan is secured by a priority security interest that requires FSGC to maintain no less than $7,000,000 in an investment account during the life of the loan.

Lines of Credit

FSGC has a line of credit with a bank that provides for up to $1,000,000 of short-term borrowings collateralized by a portion of FSGC's investments held at US Bank. The line expires in August 2023. The Organization had $350,686 in outstanding borrowings on the line at December 31, 2022.

FSGC has a second line of credit with a bank that provides for up to $1,500,000 of short-term borrowings collateralized by all assets of FSGC with interest at 4.50%. In addition, the agreement provides that the balance of FSGC's investment account, which is pledged as collateral, cannot drop below $3,000,000. The line expires in August 2024. The Organization had no outstanding borrowings on the line at December 31, 2022.

Federal CARES Act PPP Loan

In 2020, FSGC received a loan in the amount of $2,783,200 under the Payroll Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan accrued interest at a rate of 1% and had an original maturity date of two years. Any amounts not forgiven under the program would be payable in equal installments of principal, plus interest.

The PPP loan was fully forgiven by the Small Business Administration in March 2021. FSGC elected to account for the PPP loan as debt and, therefore, forgiveness of the PPP loan is included in program support and revenues in the 2021 financial statements.

10. Operating Leases

The determination of whether an arrangement is a lease is made at the lease's inception. Under FASB ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. The Organization only reassesses its determination if the terms and conditions of the contract change.

Operating leases are included in operating lease ROU assets and operating lease liabilities on the combined statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. At December 31, 2022, the weighted average remaining lease term is three years and the weighted average discount rate is 1.42%. There are no lease incentives or residual value guarantees related to the long-term operating ROU asset.

The Organization has operating leases for office equipment, which include maintenance as a nonlease component on the equipment. The leases for office equipment expire between January 2023 and September 2026.

The maturities of the operating lease liabilities at December 31, 2022 are as follows:

Years ending December 31,	
2023	$ 27,259
2024	16,865
2025	12,077
2026	7,751
Total future operating lease payments	63,952
Less interest	(1,292)
Present value of operating lease liabilities	$ 62,660

Only lease options that management is reasonably certain the Organization will exercise are included in the measurement of the operating lease ROU assets and liabilities. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Lease expense under all operating leases for 2022 was $31,332.

11. Investment in LLC

In May 2009, the Organization entered into an arrangement with two other Community Mental Health Centers and the Lawrence Regional Technology Center to create an LLC called Corridor Technology Enterprises, LLC. The purpose of Corridor is to develop and market electronic medical record software. The initial investment by the Organization was $51,415. In 2010, one of the three other partners withdrew from the LLC. An additional capital infusion of $300,000 was required of the Organization and the remaining CMHC partner, and a new corporation, BrightEHR, LLC, was created. While there are contractual stipulations regarding additional capital requirements and distribution of profits, neither has occurred to date. Though this LLC continues to operate, based upon the most recently available financial information from both corporations, the Organization has adjusted its book value for the corporations to $0.

12. Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions is comprised of undesignated and board designated amounts for the following purposes at December 31, 2022:

Undesignated	$18,674,695
Board designated:	
Equipment reserve	80,000
Building maintenance	539,129
Staff retention	250,000
Technology reserves	517,609
Corporate compliance	100,000
Internship	89,735
Leadership	17,727
Client assistance	119,431
Total board designated	1,713,631
Total net assets without donor restrictions	$20,388,326

13. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2022:

Subject to expenditure for specified purpose or period:	
Building funds for capital expenditure or facility renovation	$ 170,794
Early childhood intervention program	1,523,903
Time restricted for Organization operations	117,289
Total subject to expenditure for specified purpose or period	1,811,986
Endowments subject to Organization's spending policy and appropriation:	
Investment in perpetuity (original amount of $205,095), which once appropriated, is expendable to support operational activities of the Organization:	
Robert H. Steele Fund	119,852
CATC/Holt Fund	53,243
Norris L. Gage Fund	12,000
Horace L. Hall Fund	10,000
Lillie M. Wiseman Fund	10,000
Total endowments subject to the Organization's spending policy and appropriation	205,095
Total net assets with donor restrictions	$ 2,017,081

14. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the combined statement of financial position date for general expenditures are as follows at December 31, 2022:

Cash and cash equivalents	$ 659,017
Cash and cash equivalents – Foundation	512,601
Accounts receivable, net	1,613,542
Investments	10,919,200
Investments – Foundation	2,408,016
Pledges receivable – Foundation	117,289
Total financial assets available within one year	16,229,665
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose or time restriction	(2,017,081)
Amounts unavailable to management without Board's approval	(1,713,631)
Total financial assets available within one year after Board designations	$12,478,953

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has two lines of credit totaling $2,500,000, which it could draw upon. Additionally, the Organization has board designated net assets without donor restrictions that, while the Organization does not intend to spend for these purposes other than those identified, could be made available for current operations if necessary.

15. Endowment Funds

The Organization's endowment consists of five donor-restricted funds established to support operations of FSGC. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Kansas has enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which provides authority and guidance for the management of endowment funds.

15. Endowment Funds (continued)

The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment earnings on the endowment funds remain classified in net asset with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the various funds.
- The purpose of the Organization and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

From time to time, certain endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. These deficiencies result from unfavorable market fluctuations and continued appropriation for certain programs as deemed prudent by the Board of Trustees. There were no underwater endowment funds at December 31, 2022.

Composition and changes in endowment net assets for the year ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 540,023	$ 540,023
Investment return, net	-	(101,149)	(101,149)
Endowment net assets, end of year	$ -	$ 438,874	$ 438,874

The Organization's endowment assets are invested in a portfolio of marketable securities. The primary objective of these investments is the generation of income, with a secondary objective of capital appreciation. The securities chosen for investment are consistent with preservation of the principal sum and deemed conservative by the Organization. Proceeds from this portfolio are expended exclusively to support the stated goals of the endowment. The principal sum shall not be spent.

16. Contributed Nonfinancial Assets

The Organization receives contributed nonfinancial assets of goods and services. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes contributed nonfinancial revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is based upon comparable market values obtained from the donor and/or prices available for similar products.

The Organization received donated services for radio advertising, printing, and video production/photography services during the year ended December 31, 2022. The Organization received donated goods, which included special event auction items, food, hygiene products, and therapy supplies for clients and staff. All usable contributed nonfinancial assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the contributed nonfinancial assets.

The following is a summary of contributed nonfinancial assets recognized within the statement of activities for the year ended December 31, 2022:

Program or Supporting Service	Donated Services	Donated Goods	Total
Special events	$ -	$ 17,602	$ 17,602
Client and staff support	-	2,346	2,346
Public awareness	21,500	8,660	30,160
	$ 21,500	$ 28,608	$ 50,108

17. FSGC Foundation

Summarized condensed financial information for the Foundation, which is included in the combined financial statements, is as follows:

	2022
Total assets	$ 3,037,906
Total liabilities	$ 269,336
Net assets:	
Without donor restrictions	922,283
With donor restrictions	1,846,287
Total	$ 3,037,906
Total support, revenue, and return on investments	$ 153,674
Total expense	(1,171,859)
Changes in net assets	$ (1,018,185)

18. Subsequent Events

The Organization has evaluated subsequent events through May 12, 2023, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MIZE
CPAs INC.

Independent Auditor's Report on Supplementary Information

To the Board of Directors
Family Service and Guidance Center of Topeka, Inc.
Family Service and Guidance Center Foundation
Topeka, Kansas

We have audited the combined financial statements of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation as of and for the year ended December 31, 2022 and our report thereon dated May 12, 2023, which expressed an unmodified opinion on those combined financial statements, appears on pages 1 through 3. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The information included in the accompanying schedules on pages 26 through 28, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Mize CPAs Inc.

Topeka, Kansas
May 12, 2023

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FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.

Schedules of Activities
Years Ended December 31,

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues:				
Public support:				
State aid	$ 2,034,516	$ -	$ 2,034,516	$ 1,993,545
County funding	499,997	-	499,997	499,996
Federal CARES Act PPP Funds	-	-	-	2,793,200
Federal Cares Act Provider Relief Funds	406,859	-	406,859	-
Shawnee County Coronavirus Relief Funds	125,000	-	125,000	2,308
Grants	2,882,684	-	2,882,684	689,269
Federal food	12,971	-	12,971	17,678
Contributions	52,132	614,735	666,867	41,753
Contributions of nonfinancial assets	49,408	-	49,408	29,563
Total public support	6,063,567	614,735	6,678,302	6,067,312
Revenue:				
Medicaid - Fee for service	9,223,122	-	9,223,122	10,015,248
Insurance - Fee for service	932,159	-	932,159	1,181,006
Self-pay - Fee for service	325,306	-	325,306	388,806
Less client refunds and bad debt	(121,443)	-	(121,443)	(66,999)
Contract	214,954	-	214,954	209,191
MCO incentive	3,483	-	3,483	-
Net investment income	67,771	1,508	69,279	782,840
Gain on sale of assets	4,861	-	4,861	26,370
Miscellaneous	271,587	-	271,587	142,727
Total revenue	10,921,800	1,508	10,923,308	12,679,189
Net assets released from restriction:				
Satisfaction of purpose restriction	614,735	(614,735)	-	-
Total public support and revenue	17,600,102	1,508	17,601,610	18,746,501
Expenses:				
Programs:				
Community based services	9,365,986	-	9,365,986	9,881,494
Educational, training, and internships	269,522	-	269,522	317,475
Outpatient services	7,913,558	-	7,913,558	5,898,204
Total programs	17,549,066	-	17,549,066	16,097,173
Fundraising	152,881	-	152,881	178,073
Total expenses	17,701,947	-	17,701,947	16,275,246
Change in net assets from operations	(101,845)	1,508	(100,337)	2,471,255
Unrealized gains on investments	(2,071,614)	(37,276)	(2,108,890)	546,322
Change in net assets	(2,173,459)	(35,768)	(2,209,227)	3,017,577
Net assets at the beginning of year	21,639,502	206,562	21,846,064	18,828,487
Net assets at the end of the year	$ 19,466,043	$ 170,794	$ 19,636,837	$ 21,846,064

FAMILY SERVICE AND GUIDANCE CENTER FOUNDATION

Schedules of Activities
Years Ended December 31,

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenues:				
Public support:				
Contributions of cash and other financial assets	$ 225,943	$ 472,289	$ 698,232	$ 120,169
Contributions of nonfinancial assets	700	-	700	10,500
Total public support	226,643	472,289	698,932	130,669
Revenue:				
Net investment income	(876)	(1,494)	(2,370)	221,949
Total revenue	(876)	(1,494)	(2,370)	221,949
Net assets released from restrictions:				
Satisfaction of time restrictions	396,245	(396,245)	-	-
Satisfaction of purpose restriction - Early childhood intervention program	405,098	(405,098)	-	-
Total net assets released from restrictions	801,343	(801,343)	-	-
Total public support and revenue	1,027,110	(330,548)	696,562	352,618
Expenses:				
Grants to FSGC	1,103,195	-	1,103,195	128,318
Fundraising	68,664	-	68,664	80,383
Total expenses	1,171,859	-	1,171,859	208,701
Change in net assets from operations	(144,749)	(330,548)	(475,297)	143,917
Unrealized (losses) gains on investments	(200,729)	(342,159)	(542,888)	123,649
Change in net assets	(345,478)	(672,707)	(1,018,185)	267,566
Net assets at the beginning of year	1,267,761	2,518,994	3,786,755	3,519,189
Net assets at the end of the year	$ 922,283	$ 1,846,287	$ 2,768,570	$ 3,786,755

FAMILY SERVICE AND GUIDANCE CENTER OF TOPEKA, INC.
AND FOUNDATION

Schedule of Expenditures of Federal Awards

	Federal CFDA Number	Pass-Through Grantor's Number	Total Award Amount	Unexpended Grant Amount at 1/1/2022	2022 Grant Revenue	2022 Grant Expenditures	Unexpended Grant Amount at 12/31/2022
U.S. Department of Health and Human Services							
Mental Health Block Grant	93.958	MHRC-22-02	$ 182,468	$ -	$ 91,234	$ 91,234	$ -
	93.958	MHRC-23-02	182,468	-	91,234	91,234	-
U.S. Department of Health and Human Services							
HHS Provider Relief Fund	93.498		364,054	364,054	364,054	364,054	-
U.S. Department of Health and Human Services							
American Rescue Plan Rural	93.498		42,805	42,805	42,805	42,805	-
Shawnee County							
Coronavirus Relief Fund	21.019		125,000	-	125,000	125,000	-
U.S. Department of Health and Human Services							
Substance Abuse and Mental Health Services Administration	93.958		4,791,991	4,542,322	1,777,674	1,777,674	2,764,648
U.S. Department of Health and Human Services							
Substance Abuse and Mental Health Services Administration	93.696		999,954	-	157,560	157,560	842,394
			$6,688,740	$ 4,949,181	$ 2,649,561	$ 2,649,561	$ 3,607,042

Note: The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting.

MIZE
CPAs INC.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Family Service and Guidance Center of Topeka, Inc.
Family Service and Guidance Center Foundation
Topeka, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in G*overnment Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation (nonprofit organizations), which comprise the combined statement of financial position as of December 31, 2022, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related summary of significant accounting policies and notes to the financial statements, and have issued our report thereon dated May 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's combined financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Service and Guidance Center of Topeka, Inc. and Family Service and Guidance Center Foundation's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mize CPAs Inc.

Topeka, Kansas
May 12, 2023